

## Suresh Prabhu's litmus test: Marrakesh to Buenos Aires?

In 1994, Marrakesh heralded the onward march of multilateral trade liberalization. The fourth-largest Moroccan city and one of the busiest towns of Africa became famous after the Marrakesh Agreement led to the creation of the World Trade Organization (WTO). That agreement was signed by 124 countries, including India, on 15 April 1994. It was a pact which was hammered out after 12 years of Uruguay Round of multilateral trade negotiations. The Marrakesh Agreement marked the high tide of globalization.

The two trans-Atlantic elephants—the US and the European Union—largely carved out the rules in Marrakesh Agreement and its various annexes. They cover all aspects of international trade from agriculture to rules on safeguards, from trade in services to intellectual property rights, and from rules and procedures governing the settlement of trade disputes to plurilateral agreements limited to a few members of the coalition of willing. The developing countries, including India, embraced the Final Act embodying the results of the Uruguay Round. Then commerce minister Pranab Mukherjee, who led the Indian delegation, hailed the agreement for safeguarding India's interests in various areas, including agriculture.

Ironically, 23 years after that historic moment, trade ministers from over 35 countries congregated again in Marrakesh on 9 October to discuss the continued asymmetrical rules stemming from the Marrakesh Agreement. But this time the mood among them is one of extreme pessimism. They are not sure about the future of WTO. Reason: one of the trade elephants that played a central role in crafting the Marrakesh Agreement as per its interests has now turned roguish and running amok with its own trade agenda.

Against this backdrop, trade ministers from India, the European Union, China, Japan, Canada, Australia, Switzerland, Norway, New Zealand, South Africa, Singapore, South Korea, Hong Kong, Brazil, Argentina, Mexico, South Africa, Indonesia, Nigeria, Costa Rica, Rwanda, and Jamaica, among others, deliberated what they could possibly accomplish, if anything, at the upcoming WTO ministerial meeting in Buenos Aires in December. The notable absentee from the meeting was the US trade representative, ambassador Robert Lighthizer, who could not come because of a sudden cabinet meeting scheduled by President Donald Trump.

For commerce minister Suresh Prabhu, Marrakesh provided an opportunity to state what the Narendra Modi government's priorities for Buenos Aires are. He told his counterparts that the permanent solution for public stockholding programmes is a "must have" for New Delhi. Prabhu said the India-China proposal for eliminating the most trade-distorting domestic support or the Aggregate Measurement of Support in the developed countries such as the US, the EU, Norway, Canada, and Switzerland, among others, remains the basis for negotiations to reduce global farm subsidies. The proposal was endorsed by trade ministers from many members of the G-33 farm coalition led by Indonesia, Africa, and the ACP (Africa, Caribbean, and Pacific) countries at the meeting. Prabhu ruled out any negotiations for crafting rules on electronic commerce that is being pushed by a group of industrialized countries and their allies in the developing world. He said the special and differential treatment (S&DT) flexibilities for developing countries must continue without any disruption. Prabhu rejected attempts to introduce "graduation" among developing countries so as to deny the S&DT flexibilities to countries like India. Prabhu delivered a forceful message that India will not accept any outcome at Buenos Aires without a credible outcome on the permanent solution for public stockholding programmes for food security.

Ahead of the previous 10th ministerial conference in Nairobi, Kenya, Prime Minister Narendra Modi had told the African leaders at a summit in New Delhi on 19 October 2015 that "the Doha Development Agenda of 2001 is not closed without achieving these fundamental principles (at

Nairobi).” Africa and India, said Modi, must ensure that there is a permanent solution to public stockholding for food security and a special safeguard mechanism in place to address unforeseen surges in imports of farm products. But, India, however, left the Nairobi meeting without securing any credible outcome on the pledges it had made prior to the conference. If anything, India undertook commitments on export subsidies that adversely affected its ability to provide subsidies to its cotton farmers. Therefore, it remains moot as to what India will do when push comes to shove in Buenos Aires.

Of course, things are going to be much more difficult in the Buenos Aires meeting, which is beginning on 10 December. The America First trade priorities seem to have brought a significant change. The WTO’s 11th ministerial conference is going to take place at a time when Washington has launched a sustained assault on the organization it had created for advancing its core trade interests. “For too long, the American people were told that mammoth multinational trade deals, unaccountable international tribunals, and powerful global bureaucracies were the best way to promote their success,” President Trump thundered, in his speech at the United Nations General Assembly last month. “But as those promises flowed, millions of jobs vanished and thousands of factories disappeared,” he said.

The US has now paralysed the dispute settlement body by blocking an expeditious process for filling vacancies at the Appellate Body. It is in no mood to budge from its obstructionist positions at the global trade body because of its new trade priorities. It has nearly disengaged from negotiations for finalizing the permanent solution for public stockholding programmes for food security and other issues. Moreover, Washington chose to vehemently oppose improvements in S&DT flexibilities as demanded by the African Group. The US which sees China as its enemy number one in global trade, rejected Beijing’s proposal for transparency and due process in anti-dumping and countervailing (anti-subsidy) measures. Therefore, it remains to be seen how Prabhu will negotiate in Buenos Aires when the fiercest threat for multilateral trade liberalization is coming from India’s closest ally, Washington. Will Prabhu along with the huge alliance of countries that his trade envoy has built in Geneva muster courage to call a spade a spade if the permanent solution for public stockholding programmes is denied and the Doha trade negotiations are terminated in Buenos Aires?

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